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MARKET NEWS, DATA AND INSIGHT ALL DAY, EVERY DAY

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Market news, data and insight all day, every day
Insurance Day is the world's only daily newspaper for the international insurance and reinsurance and risk industries. Its primary focus is on the London market and what affects it, concentrating on the key areas of catastrophe, property and marine, aviation and transportation. It is available in print, PDF, mobile and online versions and is read by more than 10,000 people in more than 70 countries worldwide.

First published in 1995, *Insurance Day* has become the favourite publication for the London market, which relies on its mix of news, analysis and data to keep in touch with this fast-moving and vitally important sector. Its experienced and highly skilled insurance writers are well known and respected in the market and their insight is both compelling and valuable.

Insurance Day also produces a number of must-attend annual events to complement its daily output, including the *Insurance Day* London Market Awards, which recognise and celebrate the very best in the industry.

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Insurance Day, Informa, Third Floor, Blue Fin Building, London SE1 0TA

Editor: Michael Faulkner
+44(0)20 7017 7084
michael.faulkner@informa.com

Deputy editor: Lorenzo Spoerry
+44 (0)20 7017 6340
lorenzo.spoerry@informa.com

Editor, news services: Scott Vincent
+44 (0)20 7017 4131
scott.vincent@informa.com

Global markets editor: Graham Village
+44 (0)20 7017 4020
graham.village@informa.com

Global markets editor: Rasaad Jamie
+44 (0)20 7017 4103
rasaad.jamie@informa.com

Business development manager: Toby Nunn	+44(0)20 7017 4997
Key account manager: Luke Perry	+44 (0)20 7551 9796
Marketing services sales: Deborah Fish	+44 (0)20 7017 4702
Head of production: Liz Lewis	+44 (0)20 7017 7389
Production editor: Toby Huntington	+44 (0)20 7017 5705
Subeditor: Jessica Sewell	+44 (0)20 7017 5161
Events manager: Natalia Kay	+44 (0)20 7017 5173

Editorial fax:	+44 (0)20 7017 4554
Display/classified advertising fax:	+44 (0)20 7017 4554
Subscriptions fax:	+44 (0)20 7017 4097

All staff email: firstname.lastname@informa.com

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Axa XL names EY's Read as UK operations chief

French insurance giant bolsters UK client and country management team

Michael Faulkner
Editor

Axa XL has appointed Christopher Read as chief operation officer of its UK legal entities in a number of senior appointments to its UK client and country management team.

Read joins from EY, where he was an associate partner. Before that he was the chief executive of Axa's general insurance business in Hong Kong.

In addition, Louise Piper has been appointed UK head of client and distribution, while Harpreet Sanghera has been named strategy director for the UK.

Axa XL said the appointments are part of the ongoing integration project for the legacy Axa and XL businesses.

Paul Greensmith, chief executive of UK legal entities at Axa XL, said the trio "will play an essential role in developing and executing the strategy for Axa XL in the UK and delivering the broader capabilities of the Axa group to our clients and brokers".

AIG's Klepper joins Axa XL to oversee short-tail lines

Axa XL has named Robert Klepper as chief underwriting officer for short-tail insurance lines, *writes Michael Faulkner*.

Klepper joins from AIG, where he most recently held the position of president of client risk solutions.

A 30-year insurance industry veteran, Klepper's career includes a number of senior global management positions in the US, Bermuda, UK and Asia-Pacific.

This includes a period with XL, where he spent more than a decade as global product line manager for the group's property, energy, construction, fine art and specie insurance lines and risk engineering.

Robert Klepper is leaving AIG to join Axa XL

In his new role, Klepper will be responsible for developing core underwriting strategies and "optimising" product profitability for short-tail insurance lines.

Axa XL said he will work the firm's business line leaders around the globe to "develop strategies to achieve their financial objectives and leverage data and analytics to drive underwriting excellence and profitability".

Jason Harris, chief executive of global property/casualty insurance at Axa XL, said Klepper has an "impressive underwriting track record and [a] reputation for developing strong working relationships with reinsurers, brokers and clients".

NEWS

Bermudian execs look to better times ahead as market shifts

The reinsurance rate rises seen at the mid-year renewals reflect an updated view of risk and tighter retro capacity but carriers on Bermuda are hoping the price momentum will continue

Lorenzo Spoerry
Deputy editor

The Bermudian reinsurance market is breathing a sigh of relief as June's renewals, while disappointing for some, point to further market hardening, even though pricing was only keeping pace with the market's view of risk.

The summer renewals saw the first meaningful pick-up in rates, according to executives speaking to *Insurance Day* in Bermuda, even if some individual large cedants have reported victories in negotiations.

Cathal Carr, head of Bermuda property for RenaissanceRe, said the carrier had seen increases between 10% and 40%, with wide variation across clients and individual layers.

"There were obviously difficult decisions we needed to make," Carr said, "but, ultimately, we were pleased with the portfolio we've constructed."

Roman Romeo, deputy chief underwriting officer of Axis Re Bermuda, also said the carrier saw most contracts renew between 10% and 40%, although he acknowledged being "a bit disappointed" even by those increases.

For many carriers, this was the natural consequence of a change in views of the underlying risks, given the significant deterioration seen on losses from Hurricane Irma and the fraud connected to assignment of benefits (AoB) abuses in Florida.

Paul Simons, head of Axa XL's US property and casualty treaty in Bermuda, said things had reached a point where carriers had to acknowledge they were not getting paid adequately for their business. Axa XL had sought to push for rate increases last year, but these attempts were less successful than hoped for.

Like Carr, Simons emphasised the rate changes were based on Axa XL's changing view of the risk, rather than changing supply/demand dynamics.

As a result, the increases meant when looking from the perspective of loss ratios, the increases were "price neutral", according to Mike Krefta, chief executive of Hiscox Re & ILS.

One reinsurance broker on the island told *Insurance Day* intermediaries as a whole were surprised by the tough line taken by carriers at these renewals, when many had expected them to give in to brokers' demands.

Many Bermudian carriers are understood to have reduced the size of their Florida book, which, one broker said, had been taken in part by Swiss Re, Gen Re and to some extent the Lloyd's market. RenRe's Florida portfolio decreased during these renewals to less than 4% of total premiums, according to Carr.

Part of the problem has been the tightening in the retro market, where prices have risen by a third. For those reinsurers very dependent on it, this has considerably increased the cost of capital, and forced them to retreat.

Importance of data

Several carriers said the quality of data provided by cedants made a big difference to the prices they quoted. "We did a lot of work around an analysis of our client's performance for the past events," Simons said. "[We looked] at Irma and Michael and even Matthew the year before and benchmark[ed] the performance by client."

Matt Wilken, deputy global head of reinsurance at Ariel Re, said the disasters of the past two years had led reinsurers to test their assumptions about individual cedants rigorously and to change their pricing accordingly.

"The net effect is we did reduce [rates] on some clients; we tried to increase on others and some we had to agree to disagree with," Wilkins said. He also pointed to what he saw as worrying trends as losses from Michael and Irma look to be creeping upwards.

Better times ahead?

Several carriers and brokers that spoke to *Insurance Day* expect the recent turnaround in rates to continue through to January 1, 2020, although Wilkins said he does not expect any "paradigm shift", barring a significant loss.

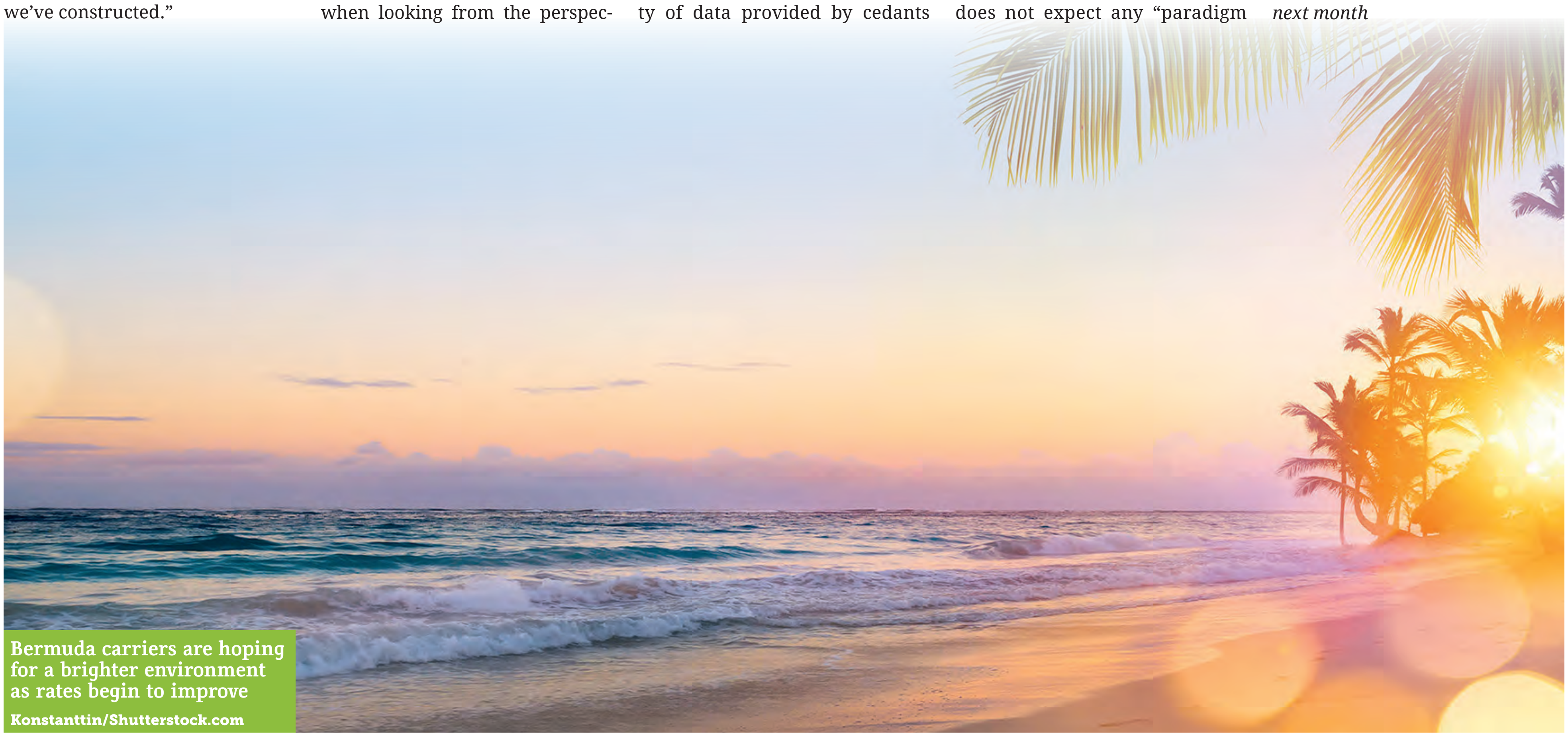
However, a big loss could have very significant repercussions. Insurance-linked securities (ILS) fund managers have said a third consecutive year of big losses could lead to a market rout by investors tired of the sea of red ink.

Romeo agreed all else being equal, the market is likely to see rate increases at upcoming renewals, and even clients that had not seen losses were "starting to understand" the need for rate increases.

Several market participants expressed scepticism that upcoming legislative reforms to stem the tide of AoB abuses will make a real dent, with Carr pointing to the "creativity" of plaintiff lawyers in the state.

Many are taking a wait-and-see approach when considering pricing for Florida business, fearing that some loophole will force reinsurers to bear the cost regardless.

Insurance Day's Bermuda roundtable will be published next month



Bermuda carriers are hoping for a brighter environment as rates begin to improve
Konstanttin/Shutterstock.com

VIEWPOINT

Rebuilding a struggling construction liability market

By taking a tougher approach to contractors' professional liability risks, the insurance industry can be a more reliable partner to construction companies

Michael Attwell
Beazley

As publication of the official report into the Grenfell Tower fire is delayed and drawing conclusions proves "a far more complex and time-consuming task than originally anticipated", according to the solicitor to the inquiry, this seems an ideal time for the construction and contractors' liability markets to take stock. Why have insurers routinely accepted complex risks on challenging terms and what needs to change so we can play our part in ensuring another similar disaster never happens again?

Historically, we have seen overcapacity in the contractors' market, with too many companies chasing too little business. This has enabled clients, across both the private and public sectors, to pressure businesses into reducing their pricing. The result has been a squeeze on margins so fierce the top 10 contractors' margins fell below 0.5% in 2018.

This pressure has not just been on margins, but also on where risk is retained. Following the 2008 banking crisis, contractors that considered themselves adept at delivering complex civil engineering projects bid aggressively to win large, complex engineering, procurement and construction (EPC) contracts, such as waste-to-energy projects, after other work dried up. There was a tail wind blowing as the UK government pumped money into waste-to-energy. But many firms appeared to sign up to contract terms they did not fully understand to deliver complex industrial projects they did not necessarily have the skills to co-ordinate.

There have been cases where firms found the supply chain was more complex than they expected and inputs, such as household waste and biomass in the case of waste to energy, were more varied than the contract terms anticipated. Project after project has been delivered late, over budget or unable to meet the performance specifications written into the contract terms.

In fact, the sector has acquired such a poor reputation that companies of all sizes now struggle to attract finance.

Responsibility

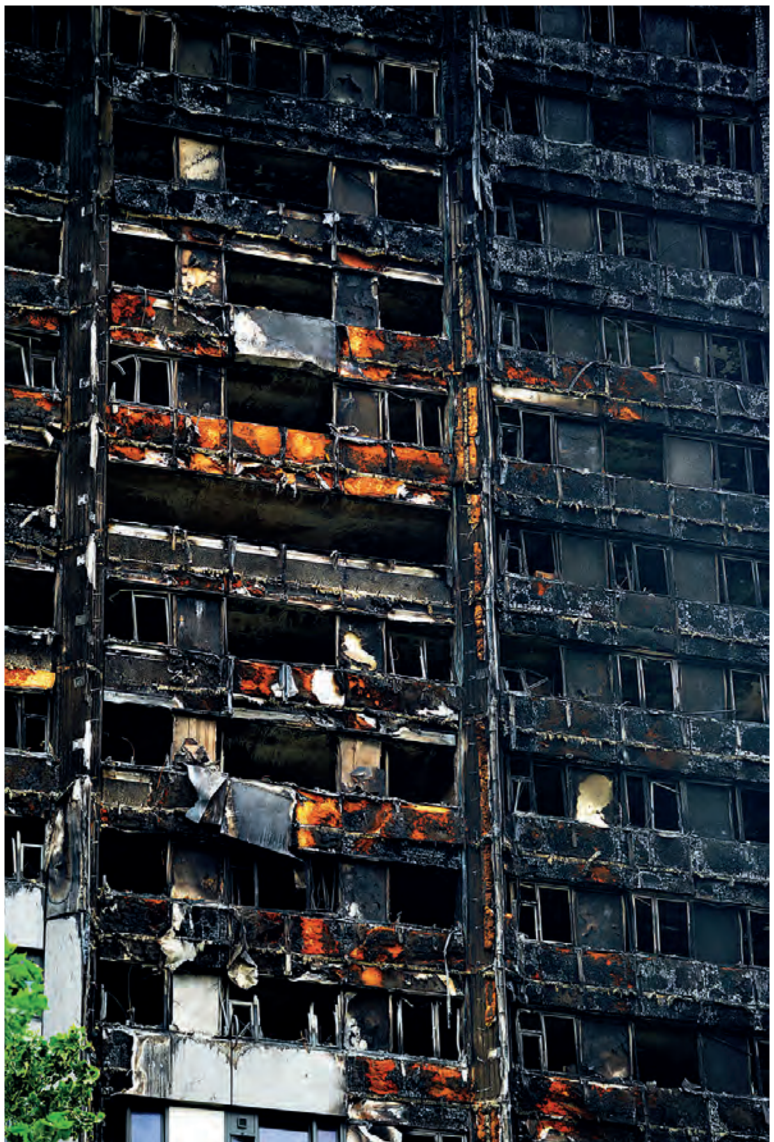
However, responsibility cannot be laid entirely at the contractors' door. Clients, and in particular government, can also be considered partly to blame for the current parlous state of the market.

After the financial crash, a national policy of austerity created an extended period in which the government, effectively, sought to procure assets below sustainable levels. Undoubtedly, the focus on cost over value was highly detrimental in many parts of the economy, but the problem comes into acute focus when we consider the added impact of more recent events.

Since the tragic summer's night in west London in 2017, when a blaze destroyed the Grenfell Tower, a number of systemic issues within the construction industry has been brought to light.

These issues include the widespread use of cladding panels and insulation that had not met building regulations and fire compartmentation systems that simply were never installed. It seems cost has often prevailed over quality.

There are some contractors that will argue "building regulations allowed us to act in this way"; "we were doing the same as everyone else in the industry"; and "austerity and the need for cost reductions drove this behaviour".



The Grenfell Tower disaster brought a number of systemic issues within the construction industry to light

Ultimately, however, Grenfell demonstrates how terrible the consequences can be when an industry and its supply chain, attempts to deliver against unrealistic contract terms on behalf of a customer that is prepared to condone a regulatory system that lacks clarity and a building inspection system that lacks independence and rigour.

Making a difference

The insurance industry is not without blame here either. We have provided cover for private building inspectors, architects, engineers and contractors without asking the searching questions or pricing for their true risks. A great deal of the costs to rectify these issues has been borne by the professional liability market.

But we have no obligation to carry on accepting some of these risks. In the same way that the construction all-risks market subjects projects to a thorough survey regime, there is no reason why greater insurer due diligence cannot be brought to bear in contractors' liability. More granular examination of the professional and commercial risks assumed by contractors would mean insurers would exclude some risks, but also support contractors to enforce higher standards, and therefore pricing, on others.

It is even possible a lack of financial guarantees from willing insurance partners could bring an end to poor practice in the broader construction market as it did in the waste-to-energy sector.

If, as a market, we have to play tough to help contractors achieve better pricing and risk allocation, this might not be an entirely bad thing. Greater scrutiny is becoming the norm and some exposures – particularly in fire cladding and fire prevention – have become virtually uninsurable. Within the past 12 months, we have seen capacity shrink and premiums rise considerably in the construction professional liability market, which would indicate that the cost of risk transfer is changing.

We are taking the lead on forming an industry working group to encourage a more joined-up approach and to drive best practice going forward.

The contractors' professional liability market is broken – in finding ways to fix it, we will ensure the insurance industry is able to perform as a strong and reliable partner through hard times, as well as good. ■

Michael Attwell is professions underwriter, architects, engineers and contractors at Beazley

More granular examination of the professional and commercial risks assumed by contractors would mean insurers would exclude some risks, but also support contractors to enforce higher standards, and therefore pricing, on others

ANALYSIS

The Lloyd's market 'needs to feel different in 2020'

Lloyd's has embarked on its biggest transformation since R&R in the mid-1990s but the changes to the market since then make this a very different challenge

Scott Vincent
Editor, news services

The shake-up taking place at Lloyd's has been touted as the biggest change since the introduction of corporate capital and the subsequent Reconstruction & Renewal (R&R) plan that rescued the market from a liability crisis in the mid-1990s.

The underwriting crackdown of Decile 10 was the start of an evolution that is expected to spark significant change in the way business is underwritten at Lloyd's. These changes are not without resistance and not everyone agrees as to how the future business model for the market should look.

The overhaul of the Lloyd's market in the 1990s saw the entrance of corporate capital and sparked a reduction in the participation of Lloyd's names, the traditional private capital backers of the Lloyd's market who had been hit so hard before R&R.

While corporate capital is now the dominant force backing Lloyd's syndicates, a smaller community of names continues to provide Lloyd's capacity. The shift in ownership over the past 25 years has seen international insurance groups emerge as the pre-eminent backers of Lloyd's syndicates.

At last week's annual conference of the Association of Lloyd's Members (ALM), which represents private capital providers to the Lloyd's market, longstanding market participants outlined some of the impacts of this shift in ownership. John Hamblin, a 40-year veteran of the Lloyd's market who serves as chief underwriting officer at Blenheim, said this created a situation where the "mothership", rather than the underwriters, shape the risk appetite. "The mothership can then simply shift underwriting to other platforms outside Lloyd's," Hamblin said.

Several US and Bermudian firms had diverted business away from Lloyd's to other underwriting platforms before the Decile 10 initiative amid concerns about poor pricing in London. As Lloyd's cracks down on poorly performing business, some owners may also look to continue writing this business outside Lloyd's, given the restrictions put in place by Lloyd's management.

The Lloyd's building seen from Leadenhall Market
miyaast/Shutterstock.com

'At the time of R&R most of us had no choice but to stand and fight for our futures; now, owners see Lloyd's as a platform for certain types of business and distribution but reporting lines and career paths lead all over the world'

David Shipley
Managing Agency Partners

Business source

The way in which business is sourced is also under scrutiny as part of the changes taking place at Lloyd's. The high cost of setting up new syndicates, coupled with the challenges of getting these syndicates approved by Lloyd's, has prompted many to follow the less capital-intensive route of setting up a managing general agent (MGA) and accessing the market as a Lloyd's coverholder.

This boom in MGA formation is now being examined by Lloyd's as it seeks to bring down the market's cost base. Coverholder business was highlighted in "The Future at Lloyd's" prospectus as bringing "materially higher acquisition costs".

As part of the strategy being pursued, Lloyd's has a goal of making it easier and cheaper to do business in the market. Hamblin was one of the founders of Blenheim in 2017, having been part of the start-up process at Cathedral at the beginning of this century. The difference between then and now, he says, is the huge cost of doing business at Lloyd's and the "incredible burden of regulation".

At the ALM event, Hamblin described how syndicates now need to adhere to 750 minimum standards that must be monitored and signed off. "We need to work much harder to reduce the costs imposed on new businesses at Lloyd's," he said.

The challenges in setting up a syndicate are so significant Hamblin admitted: "If I had my time again, I probably wouldn't have come back in. I'd have done it outside."

Hamblin pointed out Stephen Catlin, who he described as "probably Lloyd's greatest entrepreneur", has no plans at present to come into Lloyd's with his new venture, Convex. "In his view, it's too expensive," Hamblin said.

David Shipley, former active underwriter and incumbent chairman at Managing Agency Partners, echoed some of Hamblin's concerns, pointing out for many of the current owners, Lloyd's is just a small piece of the jigsaw. And while he believes "Lloyd's should be able to drag itself through the morass, as it has done many times before", Shipley said the ownership structure makes this more challenging than was the case 25 years ago.

"One of the reasons Lloyd's has repeatedly survived is the glue that bound it together. At the time of R&R, most of us had no choice but to stand and fight for our futures; now, owners see Lloyd's as a platform for certain types of business and distribution but reporting lines and career paths lead all over the world," Shipley said.

Talent troubles

In addition, talent is spread much too thinly in the market, with too much volume written by people without adequate knowledge, he said. "There are failed underwriters who seem to get a second and third chance to lose money, and too much business is written through delegated authorities without proper controls."

Shipley said one of the challenges was to ensure those working in the market, alongside owners and suppliers of capital, value Lloyd's significantly to pull together if needed. "We don't need capital that has only loose ties to the market and can walk out at the drop of a hat," he said.

In his address to the ALM event, Lloyd's chief executive, John Neal, responded by welcoming both positive and negative feedback to the corporation's strategic plans. "We know we have some brave decisions to make and we must make those decisions as a marketplace to build on this incredible platform and heritage," he said. "We are being thoughtful as to what we can do and in what order. I'd expect you to see some change this year – the market needs to begin to feel different in 2020." ■

BIG INTERVIEW

Monoline and thriving

There are good reasons why broker BPL Global has stayed independent for the past 35 years and is enjoying significant growth in today's market environment

Rasaad Jamie
Global markets editor

At a time of rapid consolidation and an increasing emphasis on diversification, credit and political risk insurance (CPRI) broking firm BPL Global is thriving as an independent, monoline broker in the London market.

James Esdaile and Sian Aspinall, joint managing directors of BPL Global, will neither confirm nor deny whether approaches by the bigger brokers are being made to BPL Global, the oldest and largest CPRI intermediary in the market. For many commentators, such a move would make a lot more sense than some of the recent deals that have taken place.

But the message from Esdaile and Aspinall could not be clearer: BPL Global views its independence and its specialist focus as competitive advantages in one of the most niche areas of the insurance market.

There are significant developments unfolding in the CPRI market, which BPL Global is aiming to benefit from, rather than fret about the pace of broker consolidation in the market. This is particularly the case now the firm has completed its Brexit preparations, established a physical presence in the US and relocated its headquarters in London to new premises in the "Scalpel", opposite the Lloyd's building.

While 2018 was quite a testing year for the CPRI market, given the tightening of risk appetite in many areas of the market, there was also new capacity coming in from new and existing insurers to meet the increased demand for cover from the banking sector.

The net result has been relative stability in the level of capacity and the number of carriers in the market, but the underlying changes have been significant, Esdaile says. "It is no secret many insurers, particularly those in the Lloyd's market, are under pressure. They have been subjected to quite significant performance reviews and are more risk-averse than previously."

The loss ratios for credit risk at Lloyd's have, historically, not been brilliant "but they are improving", Esdaile says. "Lloyd's has put measures in place, correctly, to induce a higher standard of credit underwriting. Those performance reviews and other tests mean carriers that are still in and committed to the class will stay in because they have been through that process."

'The approach to CPRI risks in the Lloyd's market is now much more principles- and enterprise risk-based'

Sian Aspinall
BPL Global

Pivotal year

In the aftermath of the global financial crisis, CPRI products aimed at banks have been tailored towards meeting their needs for capital relief under international regulatory frameworks such as Basel III. But in 2018 the game changed, according to Aspinall. "Last year was quite a pivotal year in this regard because there were a lot of questions and challenges from regulators in terms of testing the extent to which the cover meets those requirements, particularly from the UK's Prudential Regulation Authority," she adds.

In response to this challenge, the market has worked together as a collective to provide the data and other evidence required by the regulators. "The market successfully navigated that hurdle and, by doing so, has validated the value of the product, which has its own identity now within the banking space. This validation provides a much more stable platform for the market to develop," Aspinall continues.

The really big achievement here, according to Esdaile, is the CPRI market was organised and, for the very first time, spoke with a unified voice on a single issue. "This has not happened before. But the market understood that this was a significant issue which had to be addressed collectively. There was a high level of co-ordination among brokers and carriers, which was very positive in terms of the market's own narrative," he says.

"But it was also positive in terms of the statistics, in terms of the underwriting and claims data the market has managed to collect and to collate. We see it as part of the ongoing maturity of the market. It is about how the market makes the case on behalf of itself and its clients to the regulator."

BPL Global is considered now to have the strongest team in the US market
Donald Boing/Shutterstock.com

'The New York office will help us stay relevant to our clients and to compete more effectively in the Americas'

James Esdaile
BPL Global

Indeed, banks themselves are already extending their use of CPRI into other areas of their business, Aspinall says. "Project finance deals have grown massively in the market. The market has also extended its ability to write longer-term policies with higher limits to support that growth because CPRI is so in demand in the project finance areas. CPRI cover is also increasingly being used by non-bank financial institutions such as venture capital/private equity and investment houses, which don't have a banking licence."

Another significant development for the market last year was the decision by Lloyd's to amend the market protocols for the underwriting of CPRI risks. Underwriters now have the ability to write a wider pool of different risks within the CPRI space, which Aspinall describes as a very positive development for the market.

The changes remove some of the barriers that prevented underwriters from making a diversified risk selection across the class, which was very strictly rules-based, she says.

"The approach to CPRI risks in the Lloyd's market is now much more principles- and enterprise risk-based, a move which has been widely welcomed by the market and clients. It also enables Lloyd's carriers to write non-trade-related credit risks, as long as they is signed off in their business plans and they have the expertise and the capacity to write that kind and size of risk," Aspinall adds.

BPL Global's office in New York, which opened for business in March this year, will service its growing business in the US and the wider Americas region. Compared with Europe and the UK, the use of credit insurance by businesses in the US is in its relative infancy and the market is deemed to have huge potential. BPL Global also has offices in London, Paris, Singapore, Hong Kong, Dubai and Geneva.

The US and Latin American markets are set to become a very big part of BPL Global's portfolio. Esdaile says it is widely recognised by clients and competitors that BPL Global now has the strongest team, currently consisting of six brokers, in the US market.

The New York office also has a global, rather than just a regional, function in terms of servicing the firm's international clients. "The idea is to service the client across multiple geographies. Of course, the New York office will help us stay relevant to our clients and to compete more effectively in the Americas," Esdaile says. "But the idea is not just to maintain and service existing clients – our ambition is to grow the book significantly in terms of new clients. Latin America is a key area for us. Half the people in the New York office are Spanish speakers."

The New York office is the final piece of the jigsaw, he says. "There are no current plans to extend our footprint any further. We have to be careful. It takes a lot of management time, and resources, to establish and monitor the governance of overseas operations to ensure they are compliant with local and other rules. However, if an opportunity were to arise in a geography that made commercial sense, we would definitely look at it."

Exponential growth

Aspinall believes the next five years will see a real shift in the CPRI marketplace in terms of the demand for and expansion in the scope of the cover provided by the product. "We think the market has the potential to grow exponentially. For us, the future is very exciting. At BPL Global, the capabilities to support that growth have been very carefully put in place. We are in a very strong position to grow as the market grows by having the right people present in the right global hubs," she adds.

There are several reasons, according to Esdaile, why BPL Global has not only remained independent over the past 35 years but also has seen significant growth in the current market environment.

"The market is specialist and, although it is a lot bigger than it was, remains relatively small compared to the general insurance classes that a corporate risk manager would be looking to their broker to take care of. And, as an essentially monoline broker, if we get a company's CPRI business we are not going to, like a Trojan horse, threaten to take other classes of business away from their house broker."

In fact, BPL Global has often in the past, worked for the foreign offices of some of the big brokers. "For some of these brokers, they would rather deal with us as a dedicated sector specialist than with their own team in London. This is one example of where the big broker business model does not quite work."

The other main factor is that the firm's contact points within the clients it deals with are, typically, not risk managers in the traditional sense, Esdaile says. "This is particularly the case with our bank clients, where we are dealing with the finance departments, finance offices or the transaction units within banks and other financial institutions. They would probably not have great knowledge of their organisation's general insurance requirements or placement strategies.

"But this is not to say that we don't face strong competition from the well-equipped larger broking houses. We very much do," he adds.

According to Aspinall, the typical buyer of CPRI tends to be very focused on the requirements of the individual risk. "They are focused on getting the policy tailored for that particular transaction. And for that they need a transactional risk specialist inside the company, which means the purchase decision maker within the insured is typically not the same person who is making the decision on the company's property and liability programmes," she says. ■

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Caribbean insurers rebound from 2016 and 2017 hurricanes

Net income surges to $32m in 2018

John Shutt, Los Angeles
US correspondent

Caribbean property/casualty insurers saw net income rebound significantly to a cumulative $32.2m in 2018, according to a market segment report by AM Best.

This came after they posted hurricane-driven losses in 2016 and 2017.

Insurers experienced very little or no impact from weather-related events last year, the rating agency's report said.

Soft market conditions persisted across the region and companies endured reinsurance rate hikes in storm-affected jurisdictions, but they were able to increase rates in those territories.

As a result, gross premiums increased 9.7% and net premiums grew 18.8% in 2018, while the combined ratio improved by 10.4 points to 96.2%, the report said.

Consolidated surplus fell by 1.4%, largely reflecting investment writedowns tied to Barbados' sovereign debt.

Downed trees and damaged buildings in St Maarten after 2017's Hurricane Irma hit

Multiverse/Shutterstock.com

Artex shuffles Bermuda executives

Rob Eastham has been promoted to executive chairman of Artex Bermuda

Andrew F Kazmierski/Shutterstock.com

Artex Risk Solutions has appointed Rob Eastham to the newly created post of executive chairman of Artex Bermuda, *writes Michael Faulkner*.

With 38 years of reinsurance experience, Eastham previously served as managing director of Artex Bermuda, focusing on its insurance-linked securities (ILS) business.

Artex is the alternative risk transfer and insurance management services business of US broking group Arthur J Gallagher & Co.

Fellow Artex executive Scott Cobon will succeed Eastham as managing director of the Bermuda operation.

In other moves, Paul Eaton has been appointed to the newly created post of ILS managing director, and Mike Matthews has been appointed commercial director of Artex International.

Clarification

In yesterday's issue of *Insurance Day* we mistakenly ran a picture of Richard Pexton rather than David Pexton with the story "Liiba adds two to board". We are happy to publish the correct image.